

## **WATER IS OUR RIGHT - NOT A PRIVILEGE! SAY NO TO PREPAID WATER METERS**

Over 1.5 billion people lack ready access to drinking water and a large part of them stay in Mumbai city. Over exploitation, lack of efficient water management and organic or industrial pollution have reduced the availability and weakened the sustainability of this once abundant natural resource, thus furthering the problem. The solution to this being proposed increasingly is that of full cost pricing of water for domestic, agricultural and industrial use and its efficient management. Its operation is being done through the agenda of public private partnership. The State has endorsed the further enhancement of this multi trillion dollar global market by enabling private entities to build, operate and maintain our public utility. What it does not realize is that it is the State's imperative that everyone including the poor is given access to this water and thus ensure that their basic fundamental right is in its right place.

The vision of liberalization and deregulation of the water sector has been given a concrete feature by the World Bank (WB) and the Asian Development Bank (ADB) - the donors to our government. In the process conditionalities have been forced down which are in the form of privatization of water services and full cost pricing. The rationale being proposed is that both public and private entities should pay for the costs of the water and sanitation services they receive. With this intention, the Government of Maharashtra appointed the French consultants - Castalia - to conduct a feasibility study for privatizing water services in Mumbai. The contract was given to Castalia through a Public Private Infrastructure Advisory Facility (PPIAF) funding which is a section of the World Bank. What started as a pilot project in K-East Ward of Mumbai has now concluded as division of Mumbai into six zones where meters will be set up to measure and dole out water on the basis of how much the consumer can afford.

Castalia recently submitted a report of their findings and recommendations at a stakeholder workshop held in Mumbai. The meeting was attended by the Municipal Corporation of Greater Mumbai (MCGM) labour union, K-East ward residents, activists, experts in water managements elected representatives and representatives of the World Bank and PPIAF. Here the Additional Commissioner (Projects) MCGM- Mr. Manu Kr. Srivastava stated that they (the MCGM) had no pre conceived notions of any management style for improving water distribution in K-East. However, this was in direct contrast to the idea of public private partnership management model for the water sector reforms as laid down in the Terms of Reference (ToR), thus confirming the idea that Castalia had been appointed by the World Bank purely to initiate a process of privatization of the utility and for setting up the logistics for selection of a private agency for the same.

The Castalia report recommends a number of ways to rectify the situation in MCGM's water department, but all of them are in the realm of a public private partnership. It is indeed sad that these recommendations have been given on the basis of insufficient research (not a single site of contamination of water found), unreliable technology (the use of obsolete flow measurement tools), inaccurate methodology and inaccurate logic, resulting in MCGM themselves finding their report unacceptable.

The key suggestions made by Castalia to the MCGM have been the following:

- Water distribution in the ward through a single private operator through **outsourcing** options and **public private partnerships**
- Outsourcing could be done through either **Multiple Small Contracts** for 1-2 years with Integrated Water Loss Reduction Programme (IWLRP) and thus looking after detection and repair leaks, stop of illegal use, creating of pressure zones, metering, bulk meters mains, and laying slum networks. Bill collection, operations, management of ward, customer service and the capital fund would remain with the MCGM. The **Single Medium Term Performance Contract** given for 6 years in which customer service, IWLRP and slum networks will be outsourced to single firm on integrated performance contract and rest could be managed by the department.
- The public-private partnership option recommends a **Management Contract** for 4-6 years in which the private firm will manage the ward while rest of the functions would be with the department *OR* a **Lease** for 10-15 years in which the fund capital will be with the department while the rest will be with the Lease Contractor *OR* the **Concession model** for a period of 15-30 years in which a private firm will take over operation, maintenance and capital costs on a pre-agreed fee per litre of water delivered.

"Sujal Mumbai" has been introduced by the MCGM recently in their hopes to be able to provide water 24x7 to the entire city by 2012. Under this scheme MCGM has proposed the following:

- Mumbai city's water distribution network will be contracted to the following 6 companies: Neev Infrastructure Pvt. Ltd. (Zone I), Sky Way Construction (Zone II) comprising the island city. Bharat Constructions (Zone III), Jineshwar Engineering (Civil) Pvt. Ltd (Zone IV), for the western suburbs, Rashmin Construction Co (Zone V) and Jekin Enterprises (Zone VI) for the eastern suburbs.
- A technical consultant will be appointed by the World Bank on behalf of the MCGM to recommend measures to improve the city's water supply network
- A special budgetary allocation of Rs. 20 crores annually for 3 years has been suggested
- These private contractors will look after work related to water distribution, elimination of leakages, replacement and rehabilitation of water mains, laying of new water pipelines, supply and install meters, conduct meter readings, etc. The MCGM will retain the distribution system, customer interface, billing and collection of water charges
- MCGM will also introduce telescopic rates for consumption of water setting 150 liters of consumption per person per day (150lpd) as the norm. Those who consume more than this will pay more
- The city will be divided into District Metering Areas (DMAs) of 1000 connections each
- The slum dwellers living in the particular slums post 1995 only will get water through prepaid water connections

Sujal Mumbai hopes to provide water to all under their plans. It intends to do so by bringing in private players under the purview of what is considered the responsibility of our government- the welfare state. It is doing so by treating water as an economic good and as a tradable commodity. The move by the World Bank to conduct a pilot study to supposedly improve water supply in our city has been just plain hogwash. The recommendations discussed above have led to the entry of private companies and that too all construction companies into the encroachment of our fundamental right of free

access to water. By setting up prepaid water meters in the slums, the government is only declaring a war on the poor. The MCGM hopes to be able to put into practice the World Bank led theory of full cost pricing thus shifting its own burden on to the customers living in the slums. Until now, the citizens of Mumbai have paid only Rs.3.50 per thousand liters of water- this is a subsidized rate only because it is able to recover its costs through supply of water to commercial enterprises at different rates.

World over, wherever water has been provided through prepaid connections an epidemic of cholera and other disease have take place. Natal and Johannesburg in South Africa are glaring examples. The conversion of previously free communal stand posts to prepaid meters has resulted in many households being denied clean water supply due to their inability to afford water. Women and children have to resort to collecting water from polluted sources. If one cannot pay upfront, you are unable to access water at all. Water from prepaid meters typically costs more than water billed from the utility. As a result, those in most need are denied access to water.

Prepaid water meters have been used in Brazil, United States of America, Philippines, Namibia, Swaziland, Tanzania, Nigeria, Curacao, United Kingdom and China. Developed countries like USA and the UK have discontinued the use of these meters since the 90s due to public health reasons. The UK Water Act of 1998 outlawed the use of any device that cuts off customer's water supply due to insufficient credit on their prepayments cards. The ruling was based on the premise that the provision of water is vital to public health. It is indeed ironic that these are the very countries (USA & UK) that are now pushing the agenda of privatisation of water resources and treating water as a tradable economic good.

It is now the turn of Mumbai to suffer the same fate as some of the other countries listed above. Setting up of prepaid meters in the slums will have a number of consequences:

- a. Force the dweller to decrease their consumption of water and thus use untreated water
- b. Resorting to untreated water could lead to Strain in relationships between persons and families within communities
- c. Make difficult trade offs between water, food, medicine, school fees, transport and other essential goods and services

## **WHY SHOULD WE OPPOSE THE SETTING UP OF PREPAID WATER METERS**

- **Prepaid water meters pave the way for privatization**

The World Bank's constant use of the term cost recovery and private sector participation lays down the conditions in their lending policies. This reduces the already difficult access and affordability of clean water thus promoting the interference of water companies. Prepaid water meters are simply a tool used under private contract in order to secure profits for the shareholders, not the access to water for the users.

- **Prepaid water meters changes the demand responsive nature of water management**

With the possibility that one's access to water will get cut off as soon as one cannot pay, the demand for water goes down as people will buy only how much they can really afford. This results in use of untreated water, which has further consequences on the health and

hygiene of persons. It also reduces the interface that exists between the government and the consumers of water. The consumers have no mechanism to be able to address their concerns about loss of access to water once they run out of money to be able to pay for it.

- **Prepaid water meters undermine public health**

One is forced into making difficult trade offs between water, food, medicine, school fees, transport and other essential goods and services. Hence, all the gains that are supposed to be achieved through access to regular clean water is totally undermined as slum dwellers will have to look for alternative sources of water, which most likely will be polluted

- **Are Prepaid water meters really cost effective**

Despite potential management savings prepaid water meters are provided at a higher rate for users as compared to traditional billing system as these meters are high technology solutions, hence the private players will also have to recover their costs in installing and operating them

- **Prepaid water meters will only widen the inequalities that exist**

Water becomes an individualized marketed commodity thus eroding the social relations between families in the communities where these prepaid water meters will be set up. The shared burden of access to water is lost. These meters are provided only in areas that are poor thus securing payment from people who already have a difficulty to pay for the most basic things. The women and children are forced to go back to their traditional role of water carriers. Hence, progress hoped to achieve in gender gains and education for children is all lost.

- **It violates our fundamental right to water**

The human right to water has been guaranteed in our constitution and also through international covenants set up by the United Nations now. It is the responsibility of the government to provide its citizens with free access to potable water. Water is equivalent to our right to life

Private companies and the World Bank have repeatedly tried to say that all consumers have the willingness to pay for clean water. However, this is true only in the case of the people who have the ability to pay. Is this the case for the poor living in slum areas too? This argument abuses the fact that all human beings need water for basic survival. Instead these decision makers must start analyzing the ability to pay. Households should not be forced to give up food in order to buy water.

Water is an essential service and a constitutional right. We already pay taxes to the government for the service they provide to us. Why should we then give more money to a private company that operates as a monopoly and maximises their own profits at the cost of the consumer's life? It is a public good and the state of India is guaranteed to provide it to us without any obligations on the part of the consumers.

Water is essential to life, is best protected by local communities and citizens, and not by private companies. And therefore we must protest the potential monopolization of our source of life and behold our constitutional right.

**SAY NO TO PREPAID WATER METERS**

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